

# **Tauranga Community Housing Trust**

## **Performance Report**

**For the year ended  
31 December 2017**

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## INDEPENDENT AUDITOR'S REPORT

To the Trustees of Tauranga Community Housing Trust

### Opinion

I have audited the accompanying performance report of Tauranga Community Housing Trust on pages 3 to 19, which comprises the entity information, the statement of service performance, the statement of financial performance and statement of cash flows for the year ended 31 December 2017, the statement of financial position as at 31 December 2017, the statement of accounting policies and other explanatory information.

In my opinion:

- 1) the reported outcomes and outputs, and quantification of the outputs to the extent practicable, in the statement of service performance are suitable;
- 2) the performance report on pages 3 to 19 presents fairly, in all material respects:
  - a) the entity information for the year ended 31 December 2017;
  - b) the service performance for the year then ended; and
  - c) the financial position of Tauranga Community Housing Trust as at 31 December 2017, and its financial performance, and cash flows for the year then ended in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit).

### Basis for Opinion

I conducted my audit of the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)), and the audit of the entity information and statement of service performance in accordance with the International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Performance Report section of my report. I am independent of Tauranga Community Housing Trust in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other than in my capacity as auditor I have no relationship with, or interests in, Tauranga Community Housing Trust.

### Trustees' Responsibility for the Performance Report

The Trustees are responsible on behalf of the entity for:

- 1) identifying outcomes and outputs, and quantifying the outputs to the extent practicable, that are relevant, reliable, comparable and understandable, to report in the statement of service performance;
- 2) the preparation and fair presentation of the performance report which comprises:
  - a) the entity information;
  - b) the statement of service performance; and

- c) the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued in New Zealand by the New Zealand Accounting Standards Board, and
- 3) for such internal control as the Trustees determine is necessary to enable the preparation of a performance report that is free from material misstatement, whether due to fraud or error.

In preparing the performance report, the Trustees are responsible on behalf of the entity for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Performance Report**

My objectives is to obtain reasonable assurance about whether the performance report is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance report.

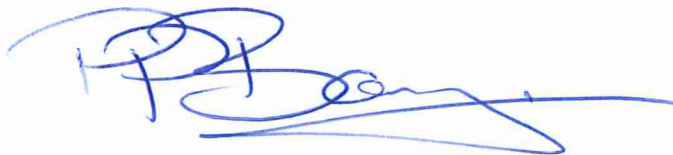
As part of an audit in accordance with ISAs (NZ), I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the performance report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the performance report or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's

report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the performance report, including the disclosures, and whether the performance report represents the underlying transactions and events in a manner that achieves fair presentation.
- Perform procedures to obtain evidence about and evaluate whether the reported outcomes and outputs, and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.

I communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Daryl Bonney  
Auditor / Chartered Accountant  
Tauranga  
08 March 2018

# Tauranga Community Housing Trust

## Entity Information

**For the year ended  
31 December 2017**

Legal Name of Entity: Tauranga Community Housing Trust, trading as  
Tawanui Community Housing

Other Name of Entity (if any): TCHT

### Entity's Purpose:

To be the regional community housing provider of choice by:-

- working with diverse groups and all sectors to improve access to quality, sustainable housing

- providing a Housing Facilitation Service which develops housing solutions for individuals and families

- advocating for and implementing new housing models to meet current and emerging community housing needs

### Entity's Vision:

Enhancing community wellbeing through the provision of quality, appropriate and affordable housing.

### Entity Structure:

TCHT, a charitable trust that was established in 2003 in response to the lack of suitable, affordable housing options in the Western Bay of Plenty. Since establishment, TCHT has broadened the client base and the geographical area in which the organisation operates. In 2015 TCHT became a registered community housing provider with the Community Housing Regulatory Authority. Formal registration opens up new opportunities for funding and support via central government.

### Main Sources of the Entity's Cash and Resources:

TCHT receives income from contracts with the Ministry of Health, Bay of Plenty District Health Board, and Ministry of Social Development for service provision, and from rental income. We also receive grants, including a multi-year operating grant from Lotteries (that ensures funding over 3 year periods). Our capital building projects have been funded by grants and loans from both the commercial and community sectors.

### Main Methods Used by the Entity to Raise Funds:

Our main fund raising methods are grant applications and contracts for the provision of housing and related services. TCHT has built and maintains positive relationships with fund holders in the philanthropic and commercial sectors, as well as the central and local agencies whom we work alongside.

### Entity's Reliance on Volunteers and Donated Goods or Services:

We have a committed volunteer base. We also receive a significant amount of housing related goods from our supporter base and the general public.

### Contact details

|                   |  |
|-------------------|--|
| Physical Address: | 14a Willow Street, Tauranga                          |
| Postal Address:   | PO Box 13316, Tauranga 3141                          |
| Phone/Fax:        | (07) 571 5390  |
| Email/Website:    | <a href="http://www.tcht.org.nz">www.tcht.org.nz</a> |

# **Tauranga Community Housing Trust**

## **Statement of Service Performance**

### **For the year ended 31 December 2017**

#### **Description of the Entity's Outcomes:**

People with a serious housing need, in addition to health, social, disability needs, are housed in affordable, suitable, healthy homes.

Despite the unprecedented pressure in the housing market, increased demand for housing services and competition for philanthropic resources, TCHT continued to make traction in terms of service delivery and portfolio growth.

TCHT'S belief is that appropriate, affordable housing is fundamental to the health and well-being of individuals, families and the community.

#### **PORTFOLIO**

-The 14 fully accessible one bedroom units that were completed in Waihi Road at the end of 2016 have been fully tenanted all through 2017. The addition of these units to our portfolio has grown our total of accessible houses to 25 out of our total of 33 owned houses in Tauranga. All of these accessible houses are tenanted by households that have a member with a disability and/or serious health issue, and provides them with an affordable, warm, safe dry home.

-The 79 units in the Eastern Bay of Plenty have continued to have high tenancy rates, with a waiting list of residents, and maintenance on these units is ongoing.

-The main area of growth this year has been with Emergency Housing services and the growth of our leased portfolio. We have a growing number of leases with third parties, including a lease for 19 homes at 45 Opal Drive, Papamoa. This has been purpose built by Housing New Zealand to provide temporary accommodation for households with a serious housing need. The first 9 houses were available for lease 18th December 2017, the remaining 10 are planned for completion early 2018.

#### **SERVICES**

-The **Housing Co-ordination programme** (Friendly Landlord) funded by the Ministry of Health (MOH) via the Bay of Plenty DHB, continued to house and provide ongoing support to people experiencing serious mental illness. This programme supports the clients to access and sustain a tenancy by providing practical support such as providing referrals to other support agencies, liaising with health services, employers and support providers. Also provided is household and budgeting support to access and sustain long term housing.

- The **Healthy Homes Initiative** funded by the Ministry of Health via the Bay of Plenty DHB, improves the housing conditions of families with children at risk of, or experiencing respiratory and/or infectious diseases. Interventions include installing heating and ventilation, firewood provided, curtains, bedding and blankets provided, extra financial assistance from Work and Income, minor home repairs and educating families. Support extends to referring families to community support agencies.

# Tauranga Community Housing Trust

## Statement of Service Performance continued

**For the year ended  
31 December 2017**

-In 2017 TCHT successfully negotiated with the Ministry of Social Development (MSD) to take on the **Emergency Housing Contracts** for 20 leased properties, 5 motel units, and 19 properties at 45 Opal Drive, Papamoa. Services include securing properties for lease, and to provide support services that will assist these households to transition to a stable personal and financial position and achieve a more sustainable housing solution. In December 2017 the first 9 houses at Opal Drive were completed and available for lease. TCHT was responsible for furnishing the newly built properties with whitewear and furniture, employing a custodian to live at the premises and oversee the community, and to support clients through the moving process. It has been extremely challenging to source lease properties and to able to provide these clients with a more permanent tenancy solution.

-In addition to the contracts with the DHB and MSD, our **Housing Facilitation Service** supports many other clients to access and sustain tenancies. This work includes many of the services included in our contract work such as referrals to other community agencies, liasing and brokering with private landlords and social housing providers, advocating for clients and practical upskilling, budget advice and education. We receive funding from Support Net for some clients who have a disability, but many clients are not eligible for any funding, or require more intensive support than their funding provides for. In this climate of housing shortage, there are many families and individuals who are finding it difficult to access suitable, affordable, healthy housing. Depending on our caseload of contract work, we endeavour to help as many people as possible.

| <b>Description and Quantification of the Entity's Outputs:</b>                      | <b>2017</b> | <b>2016</b> |
|---|-------------|-------------|
| <b><u>Tenancy Services</u></b>  |             |             |
| <b>Number of clients residing in TCHT's owned or leased housing during the year</b> | 286         | 233         |
| <b>Number of houses owned by TCHT at financial year end:</b>                        | 112         | 112         |
| <b>Number of houses leased by TCHT at financial year end:</b>                       | 54          | 36          |
| <b><u>Service Contracts with Ministry of Health via Bay of Plenty DHB</u></b>       | <b>2017</b> | <b>2016</b> |
| <b>Housing Co-ordination Service</b>  |             |             |
| Providing housing support for mental health service users                           |             |             |
| Number of clients supported during the year:  | 61          | 67          |
| <b>Healthy Homes Initiative</b>   |             |             |
| Improving conditions in cold, damp and unhealthy homes                              |             |             |
| Number of referrals:  | 124         | 84          |
| Number of intervention plans developed  | 59          | 60          |
| Number of intervention plans completed  | 45          | 40          |

# **Tauranga Community Housing Trust**

## **Statement of Service Performance continued**

**For the year ended**

**31 December 2017**

### **Service Contracts with Ministry of Social Development**

#### **Emergency Housing Service Contracts**

|   |    |   |
|---|----|---|
| Number of referrals during the year (by household):                                 | 70 | - |
| Number housed and supported in transitional housing during the year- by household:  | 30 | - |
| Number housed and supported in transitional housing during the year- by individual: | 62 |   |
| Number transitioned to sustainable tenancy during the year (by household)           | 7  |   |

#### **Geographical area that TCHT's services cover**

Eastern and Western Bay of Plenty

#### **Additional Information:**

Occupancy in both our owned and leased properties is high as there is always a waiting list. The only vacancies are for the time it practically takes to transition a new client into a home.

Percentage of rent in arrears (more than 21 days) is nil.

Property inspections are carried out quarterly for all housing.

Client Satisfaction Surveys are carried out annually. In our last survey completed between February and April 2017, 93% of respondents claimed to be satisfied or very satisfied overall with the services provided by TCHT.

TCHT collaborates with a large number of other agencies and organisations to provide new housing solutions and ongoing support to our clients.

Any benefit gained from TCHT's rental operations is used solely to provide further housing solutions to serve the community.

#### **Feedback from Clients:**

"Transition into my new home was good and amazing..."

"Love my new unit!"

"TCHT was a pleasure to work with."

"TCHT went out of their way to make it a home to live in."



# Tauranga Community Housing Trust

## Statement of Financial Performance

### For the year ended 31 December 2017

|  | Note | Actual<br>This Year<br>\$ | Actual<br>Last Year<br>\$ |
|--|------|---------------------------|---------------------------|
| <b>Operating Revenue</b>                         | 1    |                           |                           |
| Operational Grants                               |      | 101,709                   | 118,159                   |
| Donations  |      | 750                       | 2,925                     |
| Service Provision Contracts                      |      | 792,861                   | 418,126                   |
| Revenue from Rental Properties                   |      | 1,320,215                 | 974,276                   |
| Interest, dividends and other investment revenue |      | 5,752                     | 3,002                     |
| Other Income                                     |      | 33,720                    | 4,522                     |
| <b>Total Revenue</b>                             |      | <b>2,255,007</b>          | <b>1,521,010</b>          |
| <b>Operating expenses</b>                        | 2    |                           |                           |
| Volunteer and employee related costs             |      | 638,147                   | 381,441                   |
| Costs related to Rental Properties               |      | 1,062,351                 | 714,554                   |
| Operating expenses                               |      | 163,133                   | 99,127                    |
| <b>Total Expenses</b>                            |      | <b>1,863,631</b>          | <b>1,195,122</b>          |
| <b>Operating Surplus for the Year</b>            |      | <b>391,377</b>            | <b>325,888</b>            |
| <b>Capital revenue and expenses</b>              | 9    |                           |                           |
| Grants received for Capital Projects             |      | -                         | 560,000                   |
| <b>Surplus for the Year</b>                      |      | <b>391,377</b>            | <b>885,888</b>            |

# Tauranga Community Housing Trust

## Statement of Financial Position

As at  
31 December 2017

|   | Note | Actual<br>This Year<br>\$ | Actual<br>Last Year<br>\$ |
|---|------|---------------------------|---------------------------|
| <b>Assets</b>   |      |                           |                           |
| <b>Current Assets</b>                                   | 3    |                           |                           |
| Bank accounts and cash                                  |      | 75,457                    | 200,692                   |
| Debtors and prepayments                                 |      | 171,676                   | 88,581                    |
| <b>Total Current Assets</b>                             |      | <b>247,133</b>            | <b>289,273</b>            |
| <b>Non-Current Assets</b>                               |      |                           |                           |
| Property, plant and equipment                           | 4    | 11,205,882                | 10,826,065                |
| <b>Total Non-Current Assets</b>                         |      | <b>11,205,882</b>         | <b>10,826,065</b>         |
| <b>Total Assets</b>                                     |      | <b>11,453,015</b>         | <b>11,115,338</b>         |
| <b>Liabilities</b>                                      |      |                           |                           |
| <b>Current Liabilities</b>                              | 3    |                           |                           |
| Bank overdraft  |      | 244,217                   | -                         |
| Creditors and accrued expenses                          |      | 47,069                    | 49,896                    |
| Employee costs payable                                  |      | 21,798                    | 13,889                    |
| Funding received not yet spent                          | 9    | 18,892                    | 51,560                    |
| Current Portion of Loans                                | 3, 7 | 59,707                    | 76,198                    |
| <b>Total Current Liabilities</b>                        |      | <b>391,683</b>            | <b>191,543</b>            |
| <b>Non-Current Liabilities</b>                          |      |                           |                           |
| Loans   | 7    | 5,143,013                 | 5,938,251                 |
| <b>Total Non-Current liabilities</b>                    |      | <b>5,143,013</b>          | <b>5,938,251</b>          |
| <b>Total Liabilities</b>                                |      | <b>5,534,696</b>          | <b>6,129,794</b>          |
| <b>Total Assets less Total Liabilities (Net Assets)</b> |      | <b>5,918,319</b>          | <b>4,985,544</b>          |
| <b>Accumulated Funds</b>                                | 5    |                           |                           |
| Accumulated surpluses                                   |      | 2,707,784                 | 2,316,407                 |
| Reserves  |      | 3,210,535                 | 2,669,136                 |
| <b>Total Accumulated Funds</b>                          |      | <b>5,918,319</b>          | <b>4,985,544</b>          |

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Jo Gravit, Chairperson

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Russell Hunter, Treasurer

# Tauranga Community Housing Trust

## Statement of Cash Flows

For the year ended  
31 December 2017

|   | Actual<br>This Year<br>\$ | Actual<br>Last Year<br>\$ |
|---|---------------------------|---------------------------|
| <b>Cash Flows from Operating Activities</b>                   |                           |                           |
| <b>Cash was received from:</b>                                |                           |                           |
| Donations and fundraising                                     | 102,459                   | 121,084                   |
| Receipts from providing services                              | 1,949,011                 | 1,421,213                 |
| Misc Income   | 7,274                     | 7,524                     |
| <b>Cash was applied to:</b>                                   |                           |                           |
| Payments to suppliers and employees                           | 1,518,745                 | 950,537                   |
| <b>Net Cash Flows from Operating Activities</b>               | <b>539,999</b>            | <b>599,284</b>            |
| <b>Cash flows from Investing and Financing Activities</b>     |                           |                           |
| <b>Cash was received from:</b>                                |                           |                           |
| Proceeds from loans borrowed from other parties               | -                         | 2,000,000                 |
| Capital Grants Received                                       | -                         | 560,000                   |
| <b>Cash was applied to:</b>                                   |                           |                           |
| Payments to acquire property, plant and equipment             | 97,722                    | 2,886,821                 |
| Loan repayments   | 811,729                   | 75,253                    |
| <b>Net Cash Flows from Investing and Financing Activities</b> | <b>(909,451)</b>          | <b>(402,074)</b>          |
| <b>Net Increase / (Decrease) in Cash</b>                      | <b>(369,452)</b>          | <b>197,210</b>            |
| <b>Opening Cash</b>   | <b>200,692</b>            | <b>3,482</b>              |
| <b>Closing Cash</b>   | <b>(168,760)</b>          | <b>200,692</b>            |
| <b>This is represented by:</b>                                |                           |                           |
| Bank Accounts and Cash  | 75,457                    | 200,692                   |
| Bank Overdraft  | (244,217)                 | -                         |
| Closing Bank Accounts and Cash                                | <b>(168,760)</b>          | <b>200,692</b>            |

# **Tauranga Community Housing Trust**

## **Statement of Accounting Policies**

**For the year ended  
31 December 2017**

### **Basis of Preparation**

Tauranga Community Housing Trust has elected to apply Tier 3 PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) on the basis that it does not have public accountability and has total annual expenses of equal to or less than \$2,000,000. Inclusion of PBE IPSAS 17 from the Tier 2 standard has been adopted for revaluation of properties. All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.

### **Goods and Services Tax (GST)**

All amounts are recorded exclusive of GST, except for Debtors and Creditors which are stated inclusive of GST.

### **Income Tax**

Tauranga Community Housing Trust is wholly exempt from New Zealand income tax having fully complied with all statutory conditions for these exemptions.

### **Bank Accounts and Cash**

Bank accounts and cash in the Statement of Cash Flows comprise cash balances and bank balances (including short term deposits) with original maturities of 90 days or less.

### **Fixed Assets Valuation and Depreciation**

Fixed assets (with the exception of revalued properties) are recorded at cost less accumulated depreciation. Depreciation for non-building assets has been provided for at the rates of depreciation allowable for taxation purposes. Building assets have been depreciated at the rate of 3%, according to our asset management plan - further details in Note 9.

### **Changes in Accounting Policies**

There have been no changes in accounting policies from the previous year.

# Tauranga Community Housing Trust

## Notes to the Performance Report

For the year ended  
31 December 2017

### Note 1 : Analysis of Revenue

|  | This Year | Last Year |
|--|-----------|-----------|
| <b>Operating Grants</b>                | \$        | \$        |
| Lotteries                              | 30,000    | 56,480    |
| Lion Foundation                        | 10,000    | 8,696     |
| North & South Trust                    | 7,500     | 5,500     |
| Pub Charity                            | 5,000     | 20,000    |
| Southern Trust                         | 5,000     | 5,000     |
| COGS Tauranga/Moana                    | 5,000     | 2,500     |
| Acorn Foundation                       | 4,000     | 8,695     |
| Eastern Bay Energy Trust               | 2,880     | -         |
| Baytrust                               | -         | 30,000    |
| First Sovereign Trust                  | -         | 6,000     |
| Sir John Logan Campbell Estate         | -         | 2,000     |
| Unspent Grants prior year              | 41,867    | 15,155    |
| Grants not yet spent                   | (9,538)   | (41,867)  |
| <b>Total</b>                           | 101,709   | 118,159   |
| <b>Donations</b>                       |           |           |
| Par Trust                              | 750       | 600       |
| Private Donors                         | -         | 2,325     |
| <b>Total</b>                           | 750       | 2,925     |
| <b>Service Provision</b>               |           |           |
| Housing Co-ordination (MOH)            | 163,212   | 121,394   |
| Healthy Homes (MOH)                    | 236,514   | 186,438   |
| Emergency Housing Contracts (MSD)      | 207,394   | -         |
| Support Net Contracts                  | 4,751     | 2,643     |
| Tenancy & Property Management          | 120,512   | 77,651    |
| Management Fees                        | 60,478    | 30,000    |
| <b>Total</b>                           | 792,861   | 418,126   |
| <b>Revenue from Rental Properties*</b> |           |           |
| Rental Income - Tauranga Properties    | 501,487   | 304,393   |
| Rental Income - Whakatane Properties   | 586,965   | 564,320   |
| Rental Income from Leases              | 231,763   | 105,563   |
| <b>Total</b>                           | 1,320,215 | 974,276   |

**Tauranga Community Housing Trust**  
**Notes to the Performance Report**  
For the year ended  
**31 December 2017**

**Note 1 : Analysis of Revenue**

| <b>Other Income</b>                              | This Year<br>\$ | Last Year<br>\$ |
|--|-----------------|-----------------|
| Interest, Dividends and other investment revenue | 5,752           | 3,002           |
| Reimb. for Emergency Housing Fitout              | 32,198          | -               |
| Employment Subsidy MSD                           | 1,522           | 4,348           |
| Misc Income                                      | -               | 174             |
| <b>Total</b>                                     | <b>39,472</b>   | <b>7,524</b>    |

**Grants received for Capital Projects**

|              |                  |
|--------------|------------------|
| Bay Trust    | 310,000          |
| TECT         | 250,000          |
| <b>Total</b> | <b>- 560,000</b> |

**\* Included in Rental Income:**

|   |                       |                       |
|---|-----------------------|-----------------------|
| <b><i>Income Related Rent Subsidy (IRRS) from MSD</i></b>     | <b><i>414,084</i></b> | <b><i>172,689</i></b> |
| <b><i>Rental Subsidy from Emergency Housing Contracts</i></b> | <b><i>34,377</i></b>  | <b><i>-</i></b>       |

# Tauranga Community Housing Trust

## Notes to the Performance Report

### For the year ended 31 December 2017

#### Note 2 : Analysis of Expenses

|   | This Year        | Last Year      |
|---|------------------|----------------|
|   | \$               | \$             |
| <b>Employee and volunteer related costs</b>   |                  |                |
| ACC Levies                                    | 929              | 706            |
| Staff Training                                | 5,617            | 3,433          |
| Contractors                                   | 37,376           | 12,172         |
| Wages   | 592,903          | 363,668        |
| Volunteer Expenses                            | 1,322            | 1,462          |
| <b>Total</b>                                  | <b>638,147</b>   | <b>381,441</b> |
| <br><b>Costs related to Rental Properties</b> |                  |                |
| Expenses - Tauranga Properties                | 130,444          | 80,473         |
| Expenses - Whakatane Properties               | 239,471          | 221,818        |
| Expenses - leased properties                  | 199,144          | 84,411         |
| Interest on Loans                             | 243,206          | 138,336        |
| Development Expenses                          | 11,443           | -              |
| Depreciation on Rental Properties             | 238,643          | 189,516        |
| <b>Total</b>                                  | <b>1,062,351</b> | <b>714,554</b> |
| <br><b>Operating Expenses</b>                 |                  |                |
| Operating expenses                            | 75,667           | 51,946         |
| Office rental and related expenses            | 66,806           | 36,145         |
| Depreciation on non-property assets           | 20,660           | 11,036         |
| <b>Total</b>                                  | <b>163,133</b>   | <b>99,127</b>  |

# Tauranga Community Housing Trust

## Notes to the Performance Report

### For the year ended 31 December 2017

#### Note 3 : Analysis of Assets and Liabilities

|   |                               | This Year | Last Year |
|---|-------------------------------|-----------|-----------|
|   |                               | \$        | \$        |
| <b>Bank accounts and cash</b>             |                               |           |           |
|   | Kiwibank Current Accounts     | 75,457    | 200,692   |
|   | <b>Total</b>                  | 75,457    | 200,692   |
| <b>Debtors and prepayments</b>            |                               |           |           |
|   | Debtors                       | 134,734   | 42,999    |
|   | Prepayments                   | 36,942    | 45,582    |
|   | <b>Total</b>                  | 171,676   | 88,581    |
| <b>Bank Overdraft</b>                     |                               |           |           |
|   | Kiwibank \$790k Overdraft     | 244,217   | -         |
|   | <b>Total</b>                  | 244,217   | -         |
| <b>Creditors and accrued expenses</b>     |                               |           |           |
|   | Accounts Payable              | 47,069    | 46,144    |
|   | GST Payable                   | -         | 3,752     |
|   | <b>Total</b>                  | 47,069    | 49,896    |
| <b>Employee costs payable</b>             |                               |           |           |
|   | Provision for Annual Leave    | 21,798    | 13,889    |
|   | <b>Total</b>                  | 21,798    | 13,889    |
| <b>Funding received, not yet expensed</b> |                               |           |           |
|   | Grants Not Yet Spent          | 9,538     | 41,867    |
|   | MOH Income in Advance         | 9,354     | 9,693     |
|   | <b>Total</b>                  | 18,892    | 51,560    |
| <b>Current Portion</b>                    |                               |           |           |
|   | Current Portion of Term Loans | 59,707    | 76,198    |
|   | <b>Total</b>                  | 59,707    | 76,198    |
| <b>Loans</b>                              |                               |           |           |
|   | Housing NZ Loans              | -         | 732,775   |
|   | Kiwibank Loans                | 3,464,233 | 3,500,000 |
|   | Bay Trust Loans               | 1,678,780 | 1,705,476 |
|   | <b>Total</b>                  | 5,143,013 | 5,938,251 |



# Tauranga Community Housing Trust

## Notes to the Performance Report

### For the year ended 31 December 2017

#### Note 4: Property, Plant & Equipment

| <b>Year ended 31<br/>December 2017</b>              | <b>Tauranga<br/>Properties</b> | <b>Whakatane<br/>Properties</b> | <b>Motor<br/>Vehicles</b> | <b>Office<br/>Equipt</b> | <b>Household<br/>chattels</b> | <b>TOTAL</b> |
|---|--------------------------------|---------------------------------|---------------------------|--------------------------|-------------------------------|--------------|
| Opening Value                                       | 8,333,633                      | 2,449,460                       | 32,757                    | 3,825                    | 6,389                         | 10,826,064   |
| Additions   | 11,841                         | -                               | 44,330                    | 3,844                    | 37,707                        | 97,722       |
| Revaluations  | 311,128                        | -                               | -                         | -                        | -                             | 311,128      |
| Write back of<br>depreciation due to<br>revaluation | 230,270                        |                                 |                           |                          |                               | 230,270      |
| Less Depreciation charge<br>for the year            | 186,839                        | 51,804                          | 14,390                    | 2,893                    | 3,376                         | 259,302      |
| Net Asset Value at<br>31/12/17                      | 8,700,033                      | 2,397,656                       | 62,697                    | 4,776                    | 40,720                        | 11,205,882   |

| <b>Year ended 31<br/>December 2016</b>   | <b>Tauranga<br/>Properties</b> | <b>Whakatane<br/>Properties</b> | <b>Motor<br/>Vehicles</b> | <b>Office<br/>Equipt</b> | <b>Household<br/>chattels</b> | <b>TOTAL</b> |
|--|--------------------------------|---------------------------------|---------------------------|--------------------------|-------------------------------|--------------|
| Opening Value                            | 5,471,350                      | 2,494,638                       | 15,872                    | 4,515                    | 3,140                         | 7,989,515    |
| Additions                                | 2,848,724                      | 6,626                           | 24,343                    | 2,887                    | 4,240                         | 2,886,820    |
| Revaluations                             | 151,276                        | -                               | -                         | -                        | -                             | 151,276      |
| Less Depreciation charge<br>for the year | 137,716                        | 51,804                          | 7,459                     | 3,577                    | 991                           | 201,547      |
| Net Asset Value at<br>31/12/16           | 8,333,634                      | 2,449,460                       | 32,756                    | 3,825                    | 6,389                         | 10,826,064   |

Details of properties pledged as security for liabilities is included in Note 7.

# Tauranga Community Housing Trust

## Notes to the Performance Report

### For the year ended 31 December 2017

#### Note 5: Accumulated Funds

##### This Year

| Description          | Accumulated<br>Surpluses | Reserves  | Total     |
|----------------------|--------------------------|-----------|-----------|
| Opening Balance      | 2,316,407                | 2,669,136 | 4,985,543 |
| Surplus/(Deficit)    | 391,377                  | 541,399   | 932,776   |
| Transfer to Reserves |                          |           | -         |
| Closing Balance      | 2,707,784                | 3,210,535 | 5,918,319 |

##### Last Year

| Description          | Accumulated<br>Surpluses | Reserves  | Total     |
|----------------------|--------------------------|-----------|-----------|
| Opening Balance      | 1,430,520                | 2,517,860 | 3,948,380 |
| Surplus/(Deficit)    | 885,887                  | 151,276   | 1,037,163 |
| Transfer to Reserves |                          | -         | -         |
| Closing Balance      | 2,316,407                | 2,669,136 | 4,985,543 |

#### Breakdown of Reserves

| Name                    | Nature and Purpose   | Actual<br>This Year<br>\$ | Actual<br>Last Year<br>\$ |
|-------------------------|--|---------------------------|---------------------------|
| Special Purpose Reserve | As per the Grant Agreement between the Social Housing Unit and TCHT, if Te Whango (Clarke St) property is no longer available for New Zealanders in need, TCHT will need to repay the amount of the grant. | 1,700,000                 | 1,700,000                 |
| Revaluation Surplus     | Reserve relating to the revaluation of properties. Further details on revaluation in Note 8.   |                           |                           |
|                         | Fraser and Danny Place, Tauranga   | 817,860                   | 817,860                   |
|                         | Waihi Road, Tauranga   | 151,276                   | 151,276                   |
|                         | Clarke Street, Tauranga  | 541,399                   |                           |
|                         | <b>Total</b>   | 3,210,535                 | 2,669,136                 |

# Tauranga Community Housing Trust

## Notes to the Performance Report

### For the year ended 31 December 2017

#### Note 6 : Commitments and Contingencies

| Commitment                             | Explanation and Timing   | Balance date<br>This Year<br>\$   | Balance date<br>Last Year<br>\$  |
|--|--|---|--|
| Commitments to lease rental properties | TCHT has a financial commitment to lease 33 rental properties including 19 at Opal Drive. The total lease commitment is over a 3 year period. The majority of properties are covered under the Emergency Housing Contract which provides an accomodation subsidy to the Trust over the same time period. | 1,414,408   | 9,870  |
| Commitments to lease office premises   | TCHT leases office space in Willow St, Tauranga and Braken St, Whakatane. Tauranga lease expires in 2018, Whakatane lease expires in 2019.   | <div style="text-align: right;">27,202</div> <div style="text-align: right;"><u>1,441,610</u></div> | <div style="text-align: right;">46,805</div> <div style="text-align: right;"><u>56,675</u></div> |
|  | Timing of Commitments  |   |  |
|  | Due in less than 1 year  | 506,273   | 47,787   |
|  | Due between 1 and 2 years  | 481,693   | 8,888  |
|  | Due between 2 and 3 years  | 453,644   |  |
|  |  | <u>1,441,610</u>  | <u>56,675</u>  |

#### Contingent Liabilities and Guarantees

There are no contingent liabilities or guarantees as at balance date (Last Year - nil )

# Tauranga Community Housing Trust

## Notes to the Performance Report

### For the year ended 31 December 2017

#### Notes 7-11

#### Note 7: Assets Used as Security for Liabilities

| Nature and Amount of Borrowing   | Details of Asset Used as Security  |
|--|--|
| Kiwibank Revolving Credit limit is \$790,000. Interest rate is variable, currently 5.85%<br>Outstanding balance = \$244,217  | Tauranga and Whakatane Properties value on fixed asset schedule = \$11,097,689 |
| Kiwibank Loan drawn down in 2015, interest rate is fixed at 5.1% until 2020.<br>Outstanding balance = \$1,497,244  |  |
| Kiwibank Loan drawn down in 2016, interest rate is fixed at 4.29% until 2019. Repayments are interest only.<br>Outstanding balance = \$1,000,000   |  |
| Kiwibank Loan drawn down in 2016, interest rate is fixed at 4.99% until 2021. Repayments are interest only.<br>Outstanding balance = \$1,000,000   |  |
| Bay Trust loan drawn down in 2015. Interest rate is OCR plus margin of up to 1%. Security is held over properties in Whakatane ranking in priority behind Kiwibank.<br>Outstanding balance = \$945,476         |  |
| Bay Trust loan drawn down in 2014. Repayments are interest only until 2019. Bay Trust hold security over the property at 29 Clarke St, ranking in priority behind Kiwibank.<br>Outstanding balance = \$760,000 |  |

#### Note 8: Revaluation of Properties

The properties at 29 Clarke St have been revalued to market value. The valuation was carried out on 12 December 2017 by an independent valuer. The valuation methods used the income capitalisation approach, which considers rental income received and capitalising it at an appropriate rate of return.

TCHT intends to revalue properties, to reflect current market value, every three years on a cyclical basis, as per PBE IPSAS 17 adopted from Tier 2 reporting requirements.

| Asset                  | Last Valuation | Years until next revaluation |
|------------------------|----------------|------------------------------|
| 29 Clarke St, Tauranga | 12/12/2017     | 3                            |
| Fraser St, Tauranga    | 18/02/2016     | 2                            |
| Danny Pl, Tauranga     | 18/02/2016     | 2                            |
| Waihi Rd, Tauranga     | 2/11/2016      | 2                            |
| Whakatane Housing      | Purchased 2015 | 1                            |

# **Tauranga Community Housing Trust**

## **Notes to the Performance Report**

### **For the year ended 31 December 2017**

#### **Notes 7-11**

##### **Note 9: Additional Information**

###### **Funding Received, Not Yet Spent**

Grants and Ministry of Health funding received are tagged for a specific purpose, and often span more than one financial year. Grants are acquitted within a timeframe set by the provider, and can range from three to twelve months.

###### **Asset Management Plan**

TCHT has implemented a detailed asset management plan to maintain the value and safety of our property portfolio. This is a long term plan for all capital expenditure and the timing that will be needed for any capital renewal/replacement during the life of the asset. The plan is reviewed and updated when appropriate. This capital renewal/replacement is being provided for by depreciating our buildings at a straight line rate of 3%.

###### Timing of Capital Expenditure:

|                           |                      |
|---------------------------|----------------------|
| Due in less than 1 year   | 25,244               |
| Due between 1 and 2 years | 159,350              |
| Due between 2 and 3 years | 328,608              |
| Due between 3 and 4 years | 409,975              |
| Due between 4 and 5 years | 125,825              |
| Due 5 years plus          | yet to be quantified |

##### **Note 10: Related Party Transactions**

There were no transactions involving related parties during the financial year. (Last Year - Nil)

##### **Note 11: Events After the Balance Date**

There were no events that have occurred after the balance date that would have a material impact on the Performance Report. (Last Year Nil)